

From: Bill Stenger <bstenger@jaypeakresort.com>
To: "'Kessler, John'" <John.Kessler@state.vt.us>, 'Ariel Quiros' <a.quiros@att.net>
Cc: "'Moulton, Pat'" <Pat.Moulton@state.vt.us>, "'Raymond, Brent'" <Brent.Raymond@state.vt.us>
Subject: RE: A concern
Date: Tue, 24 Jun 2014 11:58:48 -0400

John, I have reviewed the video and we will revise it as there are several dated elements . All your points will be observed and we will give you a look to edit before finalizing the next version. John. I am going to be in Montpelier Friday at 1pm . Ari is in Atlanta that day but will be available by phone and Bill Kelly will be in Vermont and with me as well. Bill

From: Kessler, John [mailto:John.Kessler@state.vt.us]
Sent: Tuesday, June 24, 2014 11:51 AM
To: Bill Stenger; 'Ariel Quiros'
Cc: Moulton, Pat; Raymond, Brent
Subject: RE: A concern

Bill and Ariel

Brent has forwarded me the email regarding the Kristian Rasmussen investor complaint and the 2013 Marketing video referenced therein. After viewing the video for the first time just now, I am glad to learn you are removing it from Jay Peak's web site. I share Brent's concern about the portion where the governor says the State audits projects. No matter how many different ways one could interpret his use of the term "audit," we have consistently advised the governor and anyone else not to describe the regional center's oversight role as involving the performance of financial audits. Moreover, you will recall that a couple years ago we asked you to hire an outside auditor to do just that and you reported to us that it was too much of an expense and that you would rely upon the overall audit done on Jay Peak rather than a separate audit focused exclusively on EB5. So, the reality is an audit of Jay Peak's EB5 projects is not performed by the State OR Jay Peak.

While you have the marketing video down and are revising it, please consider addressing as well the following features that I was surprised to see were included in this video that, up until your removal today, was actively marketing to potential EB5 investors:

Use of a screen shot from the former web site of Rapid USA, owned by Douglas Hulme, with whom the regional center spent two years trying to stop using that web site (EB5Vermont.com) that we vigorously claimed misrepresented to the world that it was the Vermont regional center's web site.

Statement that "all Jay Peak projects pay back investors after the 5th year," when as we recently learned Jay Peak in August of 2013 converted the pay back on the Phase 1 Tram Haus project to a nine-year period through an unsecured promissory note, which moreover, has been clearly reiterated a number of times by letters to investor complaints in recent weeks.

Statement that a 75,000 square foot AnC BIO facility will be opening in 2014.

Statement that AnC BIO Vermont will be manufacturing medical devices that have significant market demand, which does not appear to be supported by the data on the market demand for and sales of medical devices manufactured by AnC BIO Korea, from whom the AnC BIO Vermont LP would acquire for \$10 million the North American distribution rights for the medical devices not generating revenue at a level a reasonable person would consider anywhere near "significant."

Statement concerning the Menck Windows manufacturing project that is not an EB5 project in the Vermont regional center.

Statement that the Newport Marina and Hotel will offer an EB5 program of unparalleled value to 200 investors, which is not an EB5 project in the Vermont regional center, has never been subject to an approved MOU for marketing to potential EB5 investors, and in light of searchable news stories on the world wide web would appear not to be a live project of any kind, at least at the current time.

Statement that the Renaissance Block is an EB5 project for 150 investors, operated jointly with the Newport Marina and Hotel, neither of which is subject to an approved MOU from the Vermont Regional Center that would allow for marketing to potential EB5 investors, and the reference to the Marina and Hotel is not supported by the current news reports.

Going forward, as we are doing with all other Vermont Regional Center EB5 projects, we ask that you afford us a reasonable opportunity to review any marketing materials you propose to use to attract EB5 investors, particularly before they are disseminated to the world via the world wide web. If you should have questions at any time – now or as you consider developing, revising, or releasing marketing information, please do not hesitate to call Brent or me.

Thank you in advance for your cooperation.

JK

John W. Kessler

General Counsel

Agency of Commerce and Community Development

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Montpelier, VT 05620

(802) 828-5202

[Parking at National Life](#)

From: Bill Stenger [<mailto:bstenger@jaypeakresort.com>]
Sent: Tuesday, June 24, 2014 10:16 AM
To: Raymond, Brent; 'Ariel Quiros'
Cc: Moulton, Pat; Kessler, John
Subject: RE: A concern

Brent, I've looked at the video and will make some changes in the verbiage. Some projects meet projections but the video does say all and those levels are being reached in the later years of the project, not the first few years when construction is underway. We tell investors that no return will be seen in the development years which are the first two at a minimum. I will pull the video until edits are made. We can edit out Gov. use of audit term if you wish. Bill

From: Raymond, Brent [<mailto:Brent.Raymond@state.vt.us>]
Sent: Tuesday, June 24, 2014 9:56 AM
To: Ariel Quiros; Bill Stenger
Cc: Moulton, Pat; Kessler, John
Subject: Fwd: A concern

Ariel and Bill,

See Ms. Rasmussen's reply to me. Is the statement about % returns for your projects true? If not, please remove the video immediately. Please reply all to confirm the statement is factual or to confirm the video has been removed.

I'll confer with counsel about the Governor's misstatement and use of the word "audit" in the video.

Brent Raymond | Executive Director of International Trade & Foreign Investment

Vermont EB-5 Regional Ctr

Vermont Global Trade Partnership

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Sent from my iPhone

Begin forwarded message:

From: Kristian Rasmussen <kr@havenshelte.dk>
Date: June 24, 2014 at 2:28:50 AM EDT

ACCD00007372

ACCD00007372

To: "Raymond, Brent" <Brent.Raymond@state.vt.us>

Subject: RE: A concern

Reply-To: <kr@havenshelte.dk>

Dear Mr. Raymond

Thank you for your reply.

I find it odd that you would cc Bill Stenger and Ariel Quiros to the mail after I have expressed my concerns about how they are handling the business.

In any case, here is one of the videos I mentioned. I will send you the promissory note along with further documents, as soon as I have received comments from my lawyer on the matter.

[Video](#) where Peter Shumlin says that Jay Peak is audited by the state of Vermont at 2:46. I would very much like to see the results and/or documentation of these audits over the past years, from 2008 onwards, if available, if they are not, I would like to know why.

Bill Stenger says the project *have shown* a 4-6% return on investments to be paid quarterly. The payments have been irregular and never hit the 4-6% target. Usually they have been around 2% That statement is at 3:34 (The investment has shown improvement lately, which makes this the perfect time for the General Partner to set the price of the investment, the terms of the sale, and then proceed to purchase it himself)

Kind regards,
Kristian Kann Rasmussen

Den 24. jun. 2014, Raymond, Brent <Brent.Raymond@state.vt.us> skrev:

Dear Ms. Kann Rasmussen,

Thank you for your email. The Regional Center is disappointed to learn of the extensive delay in your obtaining a promissory note. Copied here are Ariel Quiros and Bill Stenger – owners of Jay Peak Resort. I ask that they follow up directly with you as soon as possible to answer your concerns.

I'm concerned you state "something very similar to fraud." Please forward any videos, written correspondence, the private placement memorandum, any marketing material or other relevant information from Jay Peak or any representative that the Regional Center may review to provide us evidence of fraud.

You also request I look into what has been going on at Jay Peak. Could you provide me further details so I may research, investigate or adequately respond to any additional specific concerns you may have?

Sincerely,

Brent

Brent Raymond | Executive Director of International Trade & Foreign Investment
Vermont Global Trade Partnership

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From: Kristian Rasmussen [<mailto:kr@havenshelte.dk>]

Sent: Monday, June 16, 2014 4:44 PM

To: Raymond, Brent

Subject: A concern

Mr. Raymond

ACCD00007373

ACCD00007373

I am one of the initial EB-5 investors in the Jay Peak resort, the Tram House Lodge, and have been having growing concerns about the project for some time. At first it was the promised 4-6% return that fell short, in spite of glorious reports about how well the hotel was doing, but I thought that might be because of the financial problems of 2008 having a negative effect, so I was not too worried. Then followed a period of little to no communication from the Jay Peak management when I voiced my concerns about the returns falling short. Then they failed to provide me with adequate information about how to exit the project, the document I initially signed, stated that the exit strategy would be initiated 2 years later.

Now the exit strategy has been initiated, but in a fashion I find most disturbing. They claim they will pay the initial investment of 500.000 USD back over the course of ten years, ten years! With yearly payments of 21.000 USD and then a final payment in year ten of over 300.000 USD. Had I put 500.000 USD in the bank and let it draw interest back in 2008, it would have been a better investment. The investment should have increased its value over the last 6 years now that the project has proved itself. I will, however, feel fortunate to get the original investment back, as I feel the whole thing is VERY poorly managed.

My share in the hotel, as I understand it, was sold back in January, something that happened without my knowledge as a "co-owner", and apparently a promissory note was produced August 13th 2013. The promissory note was not sent to me until the 27th of May 2014. So now all I have to show for my faith in Bill Stenger, the Jay Peak project and the state of Vermont, is a fairly worthless piece of paper that may or may not be of any value in ten years, where is the assets backing this note?!

I was under the impression from the videos and articles posted online, and the information given to me before I entered the investment, that the EB-5 projects were overseen and scrutinized by the state of Vermont. Why else would there be an entity called "EB-5 Vermont Regional Center"? Now I understand the my initial investment had to be considered "at risk", but I would think that to be at risk from market failure, regional issues or other "normal" risks regarding all investments, I did not think it to be from poor management and something very similar to fraud.

I hope you understand my concerns as a fellow businessman and will look into what has been going on with the EB-5 at Jay Peak.

All the best,

Kristian Kann Rasmussen